



Solano Local Agency Formation Commission

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Staff Report

DATE: October 17, 2022
TO: Local Agency Formation Commission
FROM: Christina Love, Deputy Executive Officer
SUBJECT: **Audit Engagement Letter – Financial Audit of Fiscal Years 2020/21 and 2021/22**

Recommendation:

AUTHORIZE, by simple motion, the Executive Officer to execute a contract with James Marta & Company, LLP for the Commission’s financial statements audit of FY 2020/21 and FY 2021/22.

Background:

The Commission schedules financial statement audits on a biennial basis. The last audit covered the fiscal years (FY) ending on June 30, 2019 and 2020. The next audit is due and will cover the fiscal years of June 30, 2021 and 2022.

Discussion:

At the June 13, 2022 hearing for the FY 2022-23 Final Budget, staff suggested the possibility of extending this audit cycle by one year because of workload and staffing, and Commission agreed. However, staff recommends that the audit occur in Fall 2022 because of unexpected delays of a couple of large-scale projects that were anticipated to have been submitted. Staff believes that taking advantage of the delay is an efficient use of time and keeps the audit on schedule.

The last audit was conducted by James Marta & Company, LLP, and staff recommends that the Commission enter into a contract with the same firm for the upcoming audit. The contract totals \$15,950 and was budgeted within the Commission’s FY 2022-23 Budget.

Attachment:

Attachment A - Audit Engagement Letter for FY 2020/21 and FY 2021/22

Commissioners

John Vasquez, Chair • Nancy Shopay, Vice-Chair • Ron Rowlett • Harry Price • Jim Spering

Alternate Commissioners

Robert Guerrero • Ron Kott • Mitch Mashburn

Staff

Rich Seithel, Executive Officer • Christina Love, Deputy Executive Officer • Aaron Norman, Analyst II



James Marta & Company LLP
Certified Public Accountants

Accounting ▪ Audit ▪ Consulting ▪ Tax

July 15, 2022

Rich Seithel
Executive Officer
Local Agency Formation Commission of Solano County
675 Texas Street Ste. 6700
Fairfield, CA 94533

To the Board of Directors of Local Agency Formation Commission of Solano County

RE: Engagement Letter for Independent Financial Audit Services

We are pleased to confirm our understanding of the services we are to provide for Local Agency Formation Commission of Solano County related to the June 30, 2021 and 2022 fiscal years.

This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work. In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call to discuss this letter before you sign it.

1. OBJECTIVE AND SCOPE OF THE AUDIT

You have requested that we audit the Financial Statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Local Agency Formation Commission of Solano County as of June 30, 2021 and 2022 and for the years then ended and the related notes to the financial statements, which collectively comprise Local Agency Formation Commission of Solano County's basic financial statements and provide assistance with the preparation of the financial statements.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.



Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Commission's Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

The following RSI is required by accounting principles generally accepted in the United States of America. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) and Actual
- Schedule of Proportionate Share of Net Pension Liability
- Schedule of Pension Contributions
- Notes to the Required Supplementary Information

We are not aware of any other supplementary information other than RSI that will accompany Local Agency Formation Commission of Solano County's basic financial statements.

2. THE RESPONSIBILITIES OF THE AUDITOR

We will conduct our audit in accordance with applicable auditing standards generally accepted in the United States of America (U.S. GAAS). Applicable standards include:

- The AICPA Audit Guide, Audits of State and Local Government Units, generally accepted auditing standards;
- The California State Controller's Minimum Audit Requirements and Reporting Guidelines for California Special Districts; and
- The United States General Accounting Office (GAO) Government Auditing Standards, Office of Management and Budget (OMB), Audits of States, Local Governments and Nonprofit Organizations.

As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit



evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Local Agency Formation Commission of Solano County's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected by our firm, even though our audit is properly planned and performed in accordance with GAAS, Government Auditing Standards, promulgated by the United States Comptroller General; and the Uniform Guidance (2 CFR Section 200), Audits of States, Local Government, and Nonprofit Organization, as applicable.

3. CHARACTER AND LIMITATIONS OF AN AUDIT

The purpose of an audit is to express an opinion as to whether your financial statements are fairly presented, in all material respects in conformity with United States generally accepted accounting principles, and is limited to the period covered by our audit. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. In the event we must withdraw from the engagement, our fees will be limited to the fees incurred up to the point of withdrawal.

We will also issue a written report on internal control, a report to those charged with governance and a management comment letter (if applicable).

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;



- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

Our audit will be conducted in accordance with generally accepted auditing standards. Those standards require that we initially assess the risk that errors, fraud, irregularities, and illegal acts may cause the financial statements to contain a material misstatement. This is necessary because we do not audit all the transactions and balances in the financial statements, only a selected portion of them, in some cases a very small portion. The costs for us to examine a large portion of them, or all of them of a certain category, or all of them in all categories, would be prohibitive. Consequently, there are risks.

In making this initial assessment, we are required to obtain an understanding of the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of financial statements and to design appropriate audit procedures. Those considerations mandate your complete cooperation and honesty about your knowledge and understanding of the possibility of the existence of errors, fraud, irregularities and illegal acts. By signing this letter, you agree that you will provide this cooperation and that you will be totally honest with us.

Based on that assessment, the standards require us to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by errors, fraud, irregularities and illegal acts. Accordingly, a material misstatement may remain undetected. While we are required to exercise due care and professional skepticism, since our opinion is based on the concept of reasonable assurance, we are not an insurer and our report does not constitute a guarantee. We will inform you of all matters of fraud that come to our attention. We will also inform you of illegal acts that come to our attention, unless they are clearly inconsequential. We will inform you of any need to extend our procedures because of them and our estimate of their additional cost.

The discovery, subsequent to the date of the auditor's report, that one or more errors, frauds, irregularities, or illegal acts causing the financial statements to contain one or more material misstatements, have occurred does not necessarily mean that our audit was not conducted in accordance with generally accepted auditing standards.



An audit includes obtaining an understanding of internal control sufficient to plan the audit, but is not designed to provide assurance on internal control or to identify significant deficiencies conditions. However, during the audit, if we become aware of such reportable conditions or ways that we believe management practices can be improved, we will communicate them to you in a separate letter.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of certain assets, revenues and expenses by correspondence with selected individuals, legal counsel, creditors, and financial institutions.

In the event that the financial information provided is incomplete or inaccurate, then we will either complete the work at our standard rate, or delay the audit until this information is complete and accurate.

At the conclusion of our audit, we will require you to furnish us a management representation letter confirming, among others, your responsibility for your financial statements and for the design and implementation of program and controls to prevent and detect fraud. This letter is a required audit procedure prior to issuing our report. By signing this engagement letter and furnishing a management representation letter, you agree to indemnify us and hold us harmless for any liability and costs arising from knowing misrepresentations by management.

In accordance with auditing standards generally accepted in the United States of America, we will also issue a written report describing the scope of our testing over internal control over financial reporting, including the results of that testing. However, providing an opinion on internal control and compliance will not be an objective of the audit and, therefore, no such opinion will be expressed.

4. COMPLIANCE WITH LAWS AND REGULATIONS

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Local Agency Formation Commission of Solano County's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

5. MANAGEMENT RESPONSIBILITIES

At the outset, it is imperative that we state the scope of your responsibilities in connection with this engagement:

- a. The financial statements are the responsibility of Local Agency Formation Commission of Solano County's management. As such, management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and



pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- b. Encompassed in that responsibility is the establishment and maintenance of effective internal control over financial reporting, the establishment and maintenance of proper accounting records, and the selection of appropriate accounting principles.
- c. Management is responsible for the design and implementation of programs and controls to prevent or detect fraud, and for informing us about all known or suspected fraud affecting the organization involving (a) management, (b) individuals who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements.
- d. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the organization received in communications from members, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws and regulations.
- e. In accordance with the terms and conditions of this agreement, Local Agency Formation Commission of Solano County Management is responsible for:
 - i. Identification of the applicable reporting framework;
 - ii. Preparation and fair presentation of financial statements in accordance with accounting principles generally accepted in the United States of America; and
 - iii. Design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - iv. Having appropriate programs and controls in place to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the company that involves management, employees who have significant roles in internal control, and others where fraud could have a material impact on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the company received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the company complies with the applicable laws and regulations.
 - v. Accuracy and completeness of all data, information and representations provided to us for the purposes of this engagement. Because of the importance of oral and written management representations to the effective performance of our services, Local Agency Formation Commission of Solano County releases and indemnifies our firm and its personnel from any and all claims, liabilities, costs and expenses attributable to any misrepresentation by management and its representatives.
- f. Management is responsible to provide us with:
 - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;



- ii. Additional information that we may request from management for the purpose of the audit; and
- iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We will assist in the preparation of your financial statements, but the responsibility for the financial statements remains with you. You are responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on your financial statements. Further, you are responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these activities.

6. INDEPENDENT CONTRACTOR STATUS

James Marta & Company LLP shall perform the required services as an independent contractor and not as an “officer, employee, or agent” of Local Agency Formation Commission of Solano County. Although Local Agency Formation Commission of Solano County reserves the right to evaluate the quality of the service provided by James Marta & Company LLP, Local Agency Formation Commission of Solano County will not control the means or manner of James Marta & Company LLP’s performance.

7. REPORTING

We will issue a written reports upon completion of our audit of Local Agency Formation Commission of Solano County’s basic financial statements. Our reports will be addressed to the Board of Directors of Local Agency Formation Commission of Solano County. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances is may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditor’s report, or if necessary, withdraw from the engagement.

8. OTHER STIPULATIONS

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing or review.



If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

9. PROVISIONS OF ENGAGEMENT ADMINISTRATION, TIMING AND FEES

During the course of the engagement, we may communicate with you or your personnel via fax or e-mail, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications.

We expect to begin our audit in September 2022 and to complete and issue our report no later than November 2022.

Jesse Deol, CPA, ARM is the Engagement Partner for the audit services specified in this letter. His responsibilities include supervising James Marta & Company LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

10. RECORD RETENTION

It is our policy to keep records related to this engagement for seven (7) years. However, James Marta & Company LLP does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature below, you acknowledge and agree that upon the expiration of the 7-year period, James Marta & Company LLP shall be free to destroy our records related to this engagement.

11. INSURANCE

During the term of this Contract, James Marta & Company LLP shall maintain in force insurance coverage as follows:

- a. Commercial General Liability insurance applicable to the services provided to Local Agency Formation Commission of Solano County, with a combined single limit, or the equivalent, of not less than \$2,000,000 per claim (\$4,000,000 aggregate) for Bodily Injury, Personal Injury, and Property Damage, including contractual liability coverage applicable to the indemnity provided under this contract.
- a. Workers' Compensation insurance: Up to 1,000,000 per claim.
- b. Business Automobile Coverage insurance applicable to the operation of James Marta & Company LLP's trucks or automobiles with a combined single limit of not less than \$2,000,000 per claim for Bodily Injury and Property Damage, including coverage for owned, non-owned, and hired vehicles, as applicable.



- c. Professional Liability insurance: Up to \$1,000,000 per claim and \$2,000,000 aggregate.

Notice of Cancellation or Change. There shall be no cancellation, material change, reduction of limits without 30 days prior written notice from James Marta & Company LLP or its insurer(s) to Local Agency Formation Commission of Solano County.

Certificates of Insurance. As evidence of the insurance coverages required by this contract, James Marta & Company LLP shall provide acceptable insurance certificates to Local Agency Formation Commission of Solano County as soon as practicable upon written request by Local Agency Formation Commission of Solano County. If requested, complete copies of insurance policies, shall be provided to Local Agency Formation Commission of Solano County.

12. ASSUMPTIONS

The fees quoted are based upon several assumptions about the adequacy of the accounting records, the degree of assistance to be provided by your personnel, and current audit and accounting standards.

This fee is based upon the assumption that the closing journal entries will be made and accounting will be finalized and closed before the year end audit fieldwork. If compliance requirements change, or if Local Agency Formation Commission of Solano County is involved in issuing an exempt offering, additional fees and an amended engagement letter may be required. Additional time and billing charges will be charged at our standard hourly rates and costs in the event of the following:

- Account reconciliations are not completed for, (example but not limited to):
 - Cash Accounts
 - Accounts Receivable and Allowance for Doubtful Accounts
 - Inventory
 - Investments
 - Prepaid Expenses
 - Capital Assets and Depreciation
 - Accounts Payable
 - Accrued Expenses
 - Unearned Revenue
 - Deposits
 - Long-Term Liabilities
 - Compensated Absences
 - Prior year equity not in agreement with prior year audit
- Accounting system or account group changes from prior year
- Allocation of expenses not completed
- Allocation of investments not completed
- Allocation of income not completed



- Changes in accounts after beginning of audit work that necessitates additional or redo of audit work.
- Changes or revision of the initial trial balance
- Addition of new activities
 - New funding sources
 - New funds
 - New debt

Whenever possible, we will attempt to use your personnel to assist in the preparation of schedules and analyses of accounts. We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing. This effort could substantially reduce our time requirements and facilitate the timely conclusion of the audit.

Our initial fee estimate assumes we will receive the aforementioned assistance from your personnel and unexpected circumstances will not be encountered. In the event that the GASB, FASB, AICPA, GAO, OMB, or the State of California issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you before proceeding further. Before starting the additional work, we will prepare an estimate of the time necessary, as well as the fee for performing the additional work. Our fee for addressing the additional requirements will be at our standard hourly rates for each person involved in the additional work.

In the event we are required to respond to discovery requests, subpoenas, and outside inquiries, we will first obtain your permission unless otherwise required to comply under the law. Our time and expense to comply with such requests will be charged at our standard hour rates in addition to the stated contract.

13. REPORTS

We will provide you with 15 copies of the report. If you intend to publish or otherwise reproduce the financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

The intended users of the report are the board of directors of Local Agency Formation Commission of Solano County. You agree to be responsible to distribute the reports to those charged with governance and to the appropriate officials of the responsible party.

Reports included in this engagement include:

- Independent Auditor's Report, Financial Statements and associated notes;
- Management Letter including notification of reportable conditions (if necessary);
- Present Audit results to the Audit Committee and to the Board of Directors;
- Report on Internal Control and Compliance and Other Matters;



14. WORKING PAPERS

The audit documentation for this engagement is the property of James Marta & Company LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available pursuant to authority given to any regulator by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of James Marta & Company LLP's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to any regulator. They may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

15. FEES

Our fees for the audit will be:

- \$15,950 for the biennial audit of the fiscal years ending June 30, 2021 and 2022.

We will submit monthly progress billings for our services during the project. Invoices are payable upon presentation. Unpaid fee balances 30 days overdue will bear interest at 18 percent per annum. Payment by Credit Card is subject to a 5% processing fee.

16. INDEMNIFICATION

Pursuant to the contract with James Marta & Company LLP, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

17. TERMINATION

- Either Party may terminate this contract in whole or in part, with 30 days written notice to the other Party.
- In the event of contract termination, Local Agency Formation Commission of Solano County agrees to pay James Marta & Company LLP the fees and expenses incurred prior to such termination.
- Local Agency Formation Commission of Solano County may terminate this contract upon notice to James Marta & Company LLP, or at such later date as Local Agency Formation Commission of Solano County may establish in such notice, if James Marta & Company LLP commits any material breach or default of any covenant, warranty, obligation or agreement under this contract, or fails to perform in a timely manner the services under this contract, and such breach, default, or failure is not cured within 10 business days after delivery of Local Agency Formation Commission of Solano County's notice, or such longer period as Local Agency Formation Commission of Solano County may specify in such notice.



- James Marta & Company LLP may terminate this contract upon 10 days' written notice to Local Agency Formation Commission of Solano County if Local Agency Formation Commission of Solano County fails to pay James Marta & Company LLP pursuant to the terms of this contract and Local Agency Formation Commission of Solano County fails to cure within 30 days after receipt of James Marta & Company LLP written notice, or such longer period as James Marta & Company LLP may specify in such notice.

18. MEDIATION PROVISION

Disputes arising under this agreement (including scope, nature, and quality of services to be performed by us, our fees and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

19. ENGAGEMENT EXECUTION

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our Engagement. Several technical accounting and auditing words and phrases have been used herein. We presume you to understand their meaning or that you will notify us otherwise so that we can furnish appropriate explanations. If you have any questions, please let us know.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. This letter will continue in effect until canceled by either party.

Respectfully,

A handwritten signature in cursive script that reads 'James Marta & Company LLP'.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California



20. RESPONSE

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Local Agency Formation Commission of Solano County.

Authorized Signature: _____

Name: _____

Title: _____

Date: _____